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DE RUEHAA #0120/01 0261137
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FM AMEMBASSY ASHGABAT
TO RUEHC/SECSTATE WASHDC 4126
INFO RUCPDOC/DEPT OF COMMERCE WASHDC PRIORITY
RUEATRS/DEPT OF TREASURY WASHDC PRIORITY
RUCNCLS/ALL SOUTH AND CENTRAL ASIA COLLECTIVE
RUCNCIS/CIS COLLECTIVE
RUCNMEM/EU MEMBER STATES COLLECTIVE
RUEHAK/AMEMBASSY ANKARA 6167
RUEHBJ/AMEMBASSY BEIJING 3850
RUEHKO/AMEMBASSY TOKYO 3709
RUEHIT/AMCONSUL ISTANBUL 4411
RUCNDT/USMISSION USUN NEW YORK 1439
RHMCSSU/CDR USCENTCOM MACDILL AFB FL
RUEHVEN/USMISSION USOSCE 4334
RUEAIIA/CIA WASHDC
RHEFDIA/DIA WASHDC
RHEHNSC/NSC WASHDC
RUEKJCS/SECDEF WASHDC
RUEKJCS/JOINT STAFF WASHDC

UNCLAS SECTION 01 OF 02 ASHGABAT 000120

SENSITIVE

SIPDIS

STATE FOR SCA/CEN; EEB
COMMERCE FOR EHOUSE/DSTARKS

E.O. 12958: N/A

TAGS: [BEXP](#) [BTIO](#) [ELND](#) [EIND](#) [EINV](#) [KS](#) [TX](#)

SUBJECT: HYUNDAI'S INCREASING PRESENCE IN TURKMENISTAN

REF: A) ASHGABAT 17; B) ASHGABAT 21

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¶1. (U) Sensitive but unclassified. Not for public Internet.

¶2. (SBU) SUMMARY: South Korea's Hyundai Group is expanding its presence in Turkmenistan by increasing automobile and heavy machinery sales, and by winning a much sought after contract to build a gas processing plant (Ref A). Since 2006, Hyundai distributors have opened two showrooms in Ashgabat for autos and heavy machines such as excavators and buses. Given the challenges of entering the Turkmen market, especially in highly competitive sectors, Hyundai's efforts and current success are noteworthy. END SUMMARY.

¶3. (SBU) Economic Assistant met with Hyundai heavy machinery showroom salespeople on January 21. They boasted that sales had significantly increased over the last six months. In addition to increased sales of excavators for construction projects, the Turkmen Government has bought around 1,000 Hyundai buses for mass transit in Ashgabat, according to Hyundai sales reps. The white, state-of-the-art buses can be seen all over Ashgabat. The company reps also mentioned that President Berdimuhamedov has ordered more green luxury buses, often used to haul government officials to events, for delivery in 2010.

¶4. (SBU) Hyundai's Ashgabat car showroom offers a variety of vehicles at prices that are considered low in Ashgabat's auto market. The price for a Tucson SUV is \$16,500; the I30 hatchback runs about \$15,600 USD; the Hyundai Elantra sedan costs \$12,100; while the smaller Hyundai Getz hatchback comes in under \$10,000 at \$9,100. The local Hyundai Motors dealer Ata Mavyev said these low prices helped to sustain business during the recent economic recession, and prices will increase over the next 3-4 months. The dealer also mentioned that Berdimuhamedov recently ordered 300 Hyundai Elantra units for use by Ashgabat's city taxi service, a move which also

provided "free publicity" for the growing dealership.

SON OF IMPRISONED OFFICIAL OWNS HYUNDAI SHOWROOM

¶15. (SBU) The son of former Deputy Interior Minister Atamyrat Mavyev owns the Hyundai car dealership and showroom in Ashgabat. Atamyrat Mavyev was accused of conspiring against the Turkmen government following the November 25, 2002, alleged assassination attack on former President Niyazov. Mavyev was sentenced to 25 years in prison for treason in ¶2003. He remains in prison to date. Mavyev's eldest son Merdan reportedly committed suicide after his father was arrested. Mavyev's younger son Ata, however, along with influential business partners, saved the Mavyev family's chain of Kodak photo labs from confiscation by the state. The Hyundai car dealership, Ashgabat's first, was a subsequent business venture.

HYUNDAI PURSUES BIG MONEY PROJECTS

¶16. (SBU) On December 29, 2009, Hyundai Engineering was awarded a contract in the South Yoloten gas field development project. Jointly with LG Group, Hyundai will build a gas desulphurization plant at the site. Although the deal is a service contract, experts believe it represents a long awaited Korean "foot in the door" to the restricted Turkmen energy sector.

¶17. (SBU) COMMENT: Hyundai has made significant progress in selling cars, buses, and heavy machinery in Turkmenistan. Hyundai's contract with Turkmenengaz to build the gas treatment plant is also a breakthrough of sorts. Still, as our South Korean counterpart recently noted (Ref B), Korean-Turkmen

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commercial relations, despite some bright spots, are falling short of Korean expectations. One can choose to view the Koreans' commercial success to date as a glass half empty or half full. Doing business in Turkmenistan is challenging. The fact that there is anything in the glass at all is noteworthy and suggests that Hyundai's efforts are paying off.
END COMMENT.

CURRAN